



News Release

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IRS REMINDS RETIREMENT PLAN PROFESSIONALS TO AMEND PLANS BY FEB. 28

WASHINGTON – The Internal Revenue Service reminds employers and plan administrators to amend their employees' retirement plans by the February 28, 2002, deadline. They must amend these plans to accommodate extensive changes contained in recent legislation affecting employee plans. This deadline affects qualified retirement plans, which include 401(k) plans, defined benefit pension plans, profit-sharing plans, ESOPs and Keogh plans.

If these plans are not properly amended by the deadline, employers could jeopardize the valuable tax benefits of maintaining plans for their employees resulting in additional taxable income for these employers and their employees.

"It's critical for employees and employers to have these plans amended by the deadline," said Carol Gold, IRS Director of Employee Plans. "We have been working closely with the employee plans community to provide the information they need to protect their retirement plans by making the proper amendments. But as the deadline gets closer, we are increasing our outreach efforts."

There are some exceptions to the February 28, 2002, deadline:

- The deadline for plans with a fiscal year other than a calendar is later – the last day of the fiscal year that began in 2001.
- The deadline for most pre-approved plans (that is, master and prototype and volume submitter plans) is December 31, 2002, or in some cases later.
- The deadline for plans that were directly affected by the September 11 terrorist attack automatically have an extended deadline of June 30, 2002, to amend, with a possible further extension until Dec. 31, 2002, if they file an application for extension.

The IRS issued Revenue Procedure 2000-27 (June 26, 2000), as well as a modifying Revenue Procedure 2001-55 (December 3, 2001), explaining the deadlines and applicable extensions. In those revenue procedures, the IRS explained that failing to amend a plan by the appropriate deadline would affect the plan's qualified status as well as the trust's tax exemption.

The IRS has posted information for employee plan professionals on the IRS Web site, www.irs.gov/ep, and in the newsletter, "Employee Plans News," also on the IRS Web site.

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The laws that require plans to be amended are collectively known as “GUST.” The term refers to:

- The Uruguay Round Agreements Act, Public Law 103-465 (“GATT”).
- the Uniformed Services Employment and Reemployment Rights Act of 1994, Public Law 103-353 (“USERRA”).
- The Small Business Job Protection Act of 1996, Public Law 104-188 (“SBJPA”).
- The Taxpayer Relief Act of 1997, Public Law 105-34 (“TRA ‘97”).
- The Internal Revenue Service Restructuring and Reform Act of 1998, Public Law 105-206 (“RRA ‘98”).
- The Community Renewal Tax Relief Act of 2000, Public Law 106-554 (“CRA”).

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